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THE FINANCIAL RESOURCES OF NEW YORK.

MORE direct executive power and responsibility are needed in city administration to relieve its financial burdens and sustain the property which bears them. An examination of its different business interests will disclose modes of enlarging the amount of property on which its taxes are imposed, and will discover unexplored sources of city revenue.

Three casual expressions attributed to Mr. Tweed, illustrated by his brief political history, indicate his theory of administration. The first was, "The way to have power is to take it;" the second, "He is human;" and the third, "What are you going to do about it?" In his career was exhibited the despotic phase of municipal administration. He got for himself and his associates offices, one after the other, by taking them with or without right, until he held the power of the State, and then fortified his position by enacting appropriate laws. His means of doing this was to approach men through their self-interests, and to buy their support by promises, offices, and money. His appreciation of this trait in the character of the men about him was expressed in his belief that they were "human." The arrogance of the full possession of power and the defiance against the remonstrances of honest men drove him to the extreme of audacity, "What are you going to do about it?" which preceded his fall.

There was no greater popular mistake than to call Mr. Tweed and his associates a "ring." They were so at the outset by the "cohesive power of public plunder," but, once in possession, like a crew of pirates who had gained the deck of a prize, they became arrayed against each other. If they had been a ring, their compactness of purpose might have constituted a government, but they had so little hold upon or confidence in each other that they dissolved at the first shock. The effort was then made by Mr.

Tilden and Mr. O'Connor to take possession of the municipal administration. There were days when this was nearly accomplished, and the word of a man or a single event would have changed the whole situation. It was an attempt on the part of the ablest and purest men, who had the power and the patriotism, to make a peaceable revolution at a single stroke. If they had succeeded, for once in the history of the city of New York the best citizens would have been at the head, and thorough reform in organization and administration would have been certain. But legal forms and official delays furnished a line of breastworks behind which shelter was found, so that the positions were taken only one by one, through a long line of litigations full of disappointments and fruitless of great results, and the city administration rested upon the physical and mental obesity of Mr. Havemeyer.

Thus, within a brief period, the difficulties of the problem of municipal administration in this city have received three illustrations: first, a successful despotic power, capable but corrupt; secondly, an unsuccessful attempt by the best men to take the lead; and, thirdly, a subsidence into a government of the people, of good purposes and low grade. These illustrations complete the circle. To-day the government is of the third class. An honest leader has unequal followers. It has the force and the weakness of a compact party organization, but fails to present or to carry out measures adequate to relieve the burdens of the people and provide for their prosperity.

We vibrate to-day between two principles which are as old as society itself—the absolute power of a leader and the reaction from his abuse of power to the attempt of the people to govern themselves. History presents transitions from one to the other of these forms, with various intermediate stages. The solution of the problem is to put and keep the best men at the head, and the inability to reach it in any case is because the people do not easily recognize and adhere to their best men. These bare lines of the question are visible through all the discussions. Under a heterogeneous system of ancient and constitutional rights and of laws of excessive complication and contradiction, the general dissatisfaction incites efforts in three directions: a despairing cry for a leader; the relegation of the government to the mass of the people and demagogism; and between them to make a legal

machine which shall grind out good government and reject all evils. This attempt at the impracticable has made our problem of municipal government the hardest of all the problems of state.

The despairing cry for a true leader is based on aspects of imperial government in Europe which show admirable examples of ability and success. It is an instinct of human nature, but it is revolutionary. In Rome it was the election of a dictator. In France, where Guizot has described the government as "the principle of despotism, checked by the right of insurrection," it was a mad revolution. In this country, it was the wild cry in the first dark week of the rebellion for George Law; and to-day it is the demand for a receiver of the city, as if it were an insolvent railroad company. Talleyrand concentrated it in a sentence: "What principles cannot do, a man must; when society cannot organize a government, a government must create society." The principle has been called divine. We need not doubt the result if a wise and good man had power to organize a government here, but we know as well that it is not the way.

The extreme alternative of a government by the people through such representatives as they select is disheartening. It has proved a failure to this hour. It has produced the evils which have accumulated into a crushing weight, an increase of debt, a load of taxation, a waste of resources, the destruction of business, the depletion of life, and maladministration and extravagance in every direction, with men in power who look blankly at the situation without the ability to make an effort to relieve it. This is the direct work of the people, for it is by their votes that the men who have done it have gained the power. The result is their condemnation, and there is no answer to it. They are guilty, for they have been fed with patronage and places, and with the profits of the public expenditure. The system is fatal, for it is the despotism of the people through bad men.

Between these extremes we have been vibrating, and have fallen into legal machinery. An appeal to the Legislature of the State introduced the system of commissions. The departments of city administration were some of them placed under boards of several commissioners. It divided power between the two political parties; it introduced bargaining; it destroyed efficiency; it stood between the agent and responsibility. Like all

foreign domination, it became tyrannical. It led to a complicated system of checks to the exercise of administrative power in every direction. The lack of power in an officer to do what he would, the necessity of a concurrence which was impracticable, produced a situation of inefficiency for which no one was responsible. No amount of machinery will compensate for the lack of an engineer, and with a poor one the machine stops working from its own friction. To expect an able administration from legislative manufacture alone is to ask it to produce what it does not contain. If the man able to devise the best measures were in power, he could not execute them.

We are all familiar with the formula that "eternal vigilance is the price of liberty." Goethe says: "If you want anything in this world, put forth your hand and take it; all you have to do is to pay the price." Power in the people by direct representation and intelligent and eternal vigilance over its exercise is a simple and the single principle; but the subjects and functions of administration are multifarious, cross-woven, and incomprehensible, direct executive power is impeded, and the people cannot find the single point on which their vigilance and force can be concentrated with effect. The habit of depreciating and maligning public men blinds the people in their search for their best men; they are slow to recognize them when they do appear; and, politically, men become valuable for negative qualities. What is needed is more direct executive power and responsibility, and at the elections a crisis where every one may see that the result can be reached, and at one stroke. It would be effective and at the same time be in order. Men would cease looking to Albany. It would be opportune then to discuss the situation of the city and modes of relief. The influence of the press would be felt. An incapable officer would face the only light he feared. It would be the concentration with effect, on men and measures, of vigilant public opinion, the greatest and only political force in the country.

The city of New York has passed through a long period of depression, and rests now at the bottom. Its need is an able man as mayor with power to work out affirmative measures of relief for the future prosperity of the city, and with direct responsibility. The financial difficulties of the city and its unexplored re-

sources are deplorable enough to be saved from the indifference with which they are now treated. It is loaded with a great debt, for part of which it received no benefit. It bears heavy annual taxes to meet the interest on that debt, its proportion of the State taxes, and its own municipal expenditure. The real estate, upon which it imposes four-fifths of its taxation, is burdened with heavy assessments for premature improvements, and suffers a double taxation by the taxes on mortgages. Its commerce needs large expenditure for improved terminal facilities. Its banks, which represent its life-blood, suffer from unequal taxation. Its population and natural increase of wealth have for fifteen years been diverted into its suburbs beyond its taxation, and it invites further depletion by a large expenditure upon public works against its interest. Its municipal expenditure is heavy, and its actual and possible resources are greatly neglected.

The interest paid on the city debt has been fixed at a high rate, far beyond the average of interest paid by a public borrower of such unquestioned resources. The worst injury in the theft of city money by the ring was that it was borrowed for long periods at high rates of interest, so that the stolen money will be paid three times over. This portion of the debt may be beyond reach, but the consolidation of the residue at low rates is an obvious measure which has received official attention. The amount paid by the city for State taxes is greater than its proportion of the total wealth or population of the State. Its valuations of property approach more nearly the market-value than the valuations of other counties. But, the greater the proportion of the State tax thrown upon this city, the greater the relief to the rest of the State. The argument made to the justice of the State is an argument against their interest. To support these arguments so as to command attention is one of the imperative duties toward which the whole power and public opinion of the city should be directed. The city expenditures have been greatly reduced within the past few years, even to the extent of so wearing and wasting the city property as to require larger expenditure in the future. But the results show that extreme economy and retrenchment are wholly inadequate for financial relief, and that recourse must be had to the unexplored resources of the city.

The leading effect of the hard times, aided by the policy

of city administration, has been to depress the property which bears the burden of the taxes. It was an inevitable retribution. For the large public debt the city has a few creditable works—the Croton aqueduct and reservoirs, the public parks, a few public buildings, a beginning of public docks. If the residue of the debt, beyond the sum which these works have cost, had been expended or were now to be laid out in such other works as would render the city more attractive and finished for an incoming population, and facilitate its business interests, it can readily be seen how great the city would become. It is because there is so little to show for it, when so much was needed, that the debt is so burdensome. It was not well invested.

Twelve years ago, at the close of the rebellion, the city was emerging from a period of great depression into one of high inflation. At such eras the streams of population, business enterprise, and wealth, flow toward cities. It was anticipated that this natural accretion would settle within its own borders, and preparations were made to bring the region below and abreast of the Central Park into condition for immediate occupation, but these calculations were disappointed. Rapid transit, which was needed to reach regions so remote from the business centres, had been omitted from the plan. It entered upon its decade of discussion and controversy. In other directions, outside the city borders, people had more forethought, and the larger portion of the growth due to the city was diverted to Brooklyn and New Jersey, which by steam ferries and railroads were brought in time nearer to the City Hall than some of its own suburbs. Still the preparation of its own up-town areas went on in the most extravagant manner. A rough, rocky, elevated, and in part precipitous region had been subjected to the plan of rectangular and parallel streets and avenues, and level grades, without regard to the different kinds of ultimate occupation. Full power over the region was given to a city department, but the old plan was retained. Conceived without forethought of its necessary conditions, this plan was executed without calculation of its cost. The notable extravagance of the Court-house was matched by miles of boulevards up-town, costing three-quarters of a million, some a million, dollars the mile. The assessments for such improvements burdened the property in that region, within a period of ten years, with a load equal to ten mill-

ion dollars a square mile, a sum sufficient to cover the land with average buildings. These proceedings were fatal. The land has fallen to a price less than the assessments and taxes. The owners have disappeared. The growth of the city has stopped. The middle class, who live between Murray Hill and a tenement-house, have in great numbers been driven from the city. The mechanics and laborers employed upon these street improvements and house-building have been forced into idleness. The same things are true of the other regions of the city. The real estate on which the city imposes and from which it derives the greater portion of its taxes has been crushed, its future power of paying taxes and meeting the debt has been impaired, and the burden on improved property down-town is not lightened, as it might have been, by having the up-town regions built up and taxed as houses and lots, and not as vacant lots. The forty million dollars which have been expended by the city and property owners on the unoccupied regions of this island, north of Fifty-ninth Street, lie there as dead and idle capital. To make it attractive to the next inflow of population, to gather there portly tax-payers, to cover it with residences and places of business, to make this dead capital active, will broaden and double the property from which the taxes are gathered, and thus will diminish the burden. Measures tending to develop this resource of the city deserve attention.

A survey of the various business interests of the city may suggest some affirmative measures which will tend to restore prosperity and lead to the discovery of its unexplored resources.

The growth and prosperity of New York depend upon two general causes: first, its relations to the general commerce of the world; secondly, its attractions as a place of residence. London illustrates the effects of the former, Paris of the latter. New York can combine them both. Its natural advantages for gathering population by attracting residents are as matchless as its commercial advantages. Its population depends on its business prosperity. This prosperity is secured when all its citizens are engaged in profitable and productive labor. At the present time a large proportion of its labor-power is idle and wasted. The fields of labor are threefold: 1. That connected with its commercial business; 2. That connected with its manufacturing business; 3.

That connected with house-building and the preparation of its vacant areas by street and other improvements for building. Employment for this labor should not be forced, but obstacles may be taken out of the way. Primal causes of national prosperity, such as the quantity of natural products, the freedom of trade, and the purity of money, on which local prosperity depends, are not now under review.

The interests of the city as a great centre of foreign and internal commerce are subordinated to the interests of the whole country, and the legislation of the United States may be, and at times is, antagonistic to the interests of the city. It was freedom and independence in this respect that caused the great growth of the free cities of Europe three and four centuries ago. New York must contend, by the power of its representatives in Congress, to advance such mature views as will destroy this antagonism, by the demonstration that the interests of all are alike. The vital point upon which the city government can act directly is the increase of terminal facilities, by which the railroad-car can be brought alongside the vessel, and internal distribution be effected by steam. New York must connect and not break transportation; the development of the elevated railroads will effect it. It would be a work for the Dock Department more important for the interests of the city than a reconstruction in iron and stone of the wooden piers, sheds, and bulkheads, without any advance in design. The rivalry of other cities places the merchants of New York under great disadvantages for want of this close connection in the transfer and distribution of goods. They are left to their own unaided efforts. The whole power of the city government should be moved for them, and the city itself should derive an income for the privileges it grants.

But it is quite as important to encourage the manufacturing interests of the city, to facilitate those now established, and to bring in new ones. They require short and cheap transportation and facilities for the receipt and delivery of raw materials and finished goods, cheap houses and living for their operatives, and low taxation. Low-priced lands in the central portions of the city and land along elevated railroads, unfitted for residences, will fall more and more into this use, to its great profit. The region of which the Third Avenue bridge over the Harlem River

is the centre, with proper modes of connecting the factory, the railroad, and the steamer, may become the best site on this continent for manufacturing enterprise. The opening of Hell Gate now in progress and the proposed improvement of the Harlem River will contribute to the result. The new plans for laying out the district to the north have been adapted to it. The improvement of this region to this end is a most important city work, and should not be neglected an hour. To make it the centre of a great manufacturing business, as can be done, will largely increase business, population, and wealth, and broaden the basis on which the taxes are raised, and toward this result the action of the city should be immediate.

The plan on which the city was laid out below One Hundred and Fifty-fifth Street had this excuse, that there was in 1813 little topographical science, and few examples of the modern growth of cities now displayed everywhere; but that excuse is not available to the men who had the area west of the Central Park to lay out in 1867, and who adhered to the old plan. The unit of a city lot, twenty-five feet by one hundred, in blocks two hundred feet wide, has been disastrous to the interests of the city. It was assumed to be the finality of human wisdom, whatever the topography, whatever the occupation, best alike for a palace and a tenement-house, a cathedral or a music-hall, a foundery or a lumber-yard. It has in fact excluded all great business enterprises which require unusual facilities or broader area. They, with all the advantages which follow their location, must go elsewhere; and if one attempts it, as the Hudson River Railroad elevators and yards at Sixtieth Street, it only succeeds by the paramount right of eminent domain. The city should have power, and should exercise it freely, to obliterate and rearrange streets and avenues along its borders for factory and great establishments, and not present its gridiron plan as a Procrustean bed.

The enlargement, among the laborers, of the class of artisans and skilled workmen, by the decrease of the common and unskilled, is equally important. New York, like Paris, should be a place for the introduction of every new branch of light manufacture, art, or artisan-work. Here should be found the most skillful workmen, and here their best means of instruction. The Cooper Union is one of the noblest monuments in the

city ; there should be others like it. If Mr. Stewart had risen above the bread-and-butter level of feeding and lodging a few hundred young women, and founded a school, in a building whose store-rents would have supported it, where all women could have found the best instruction, through the whole range of occupations by which they earn their livings, from domestic service to art, from the quality of goods in a fancy-store to book-keeping, thousands every year would have been helped by it to independence. He would have been immortalized by the blessings of those whose blessings are worth the most. His project was an affront to human nature and to society. The unit of society is the family. The safeguard of society is in the women. The character of its young women is the character of any civilization ; their protection is in a home. To take them away from home and offer them food and lodging was an offense. The project was impracticable, and it is to their honor and the honor of the city that the failure was so prompt and emphatic. If his noble purpose had been wisely directed, and every young woman who earned her living had found the school which they all seek, for the best practical instruction in the work she followed, the benefits to them and to the city, as the place for the finest work of the most skillful hands, would have been incalculable. He has left this path open.

The unexampled growth of the city in years past has made house-building and street improvements one of the principal modes of employment, and has accumulated here great numbers engaged on that kind of work. They have become immovable, and their enforced idleness is a great disaster and obstruction to the prosperity of the city. These laborers are of two classes, a part mechanics, and the rest common laborers ; the latter class is enlarged in hard times by the accession of the inefficient and unemployed from all other classes. These men find employment when real estate is prosperous ; in its depression and by the cessation of public works, they are left destitute. The demand for houses gives them employment. If such a time is approaching, some preparation for it by undertaking works of unquestioned advantage is proper.

Two general questions are now reached : What measures, safe, prudent, and moderate, will enlarge the amount of property

on which the taxes are raised, and what new sources of city revenue can be pointed out?

An increase of revenue will produce a diminution of annual taxes, or an addition to the sinking fund for the payment of the principal of the debt. The enlargement of the taxable valuations of property will bring us to raising \$30,000,000 a year on fifteen hundred or two thousand millions of property, instead of eleven hundred millions. If the city held under its own taxation the taxable wealth by which New Jersey, within twenty-five miles of the city, and Brooklyn, have grown since the rebellion, the taxes would now be raised on fifteen hundred instead of on eleven hundred millions, and this would reduce the rate of taxation for 1878 from 2.55 to 1.94 per cent. If necessary and advantageous works were in progress, they would give employment to laborers who would be supported by their profitable labor, and not as they now are, without labor, and the essential condition of prosperity would be met. The elevated railroads and the opening of Hell Gate are examples of such works.

Paris is, rather than any other European city, the model for New York. It suffered under Baron Haussmann a great activity in the production of new boulevards and public works, and a great increase of the public debt. Under the siege it suffered as much as New York has by its depression of values and of business, yet it has recovered almost wholly, and has a city revenue which meets nearly all its annual expenditure of \$50,000,000 for city purposes. The example will be found to present official intelligence, vigor, and responsibility, and pronounced methods of finance and administration.

There has been for five years past a strong public opinion adverse to any public works. It has resulted in their general discontinuance; yet it has remained true all the time that, if money had been borrowed at the low prevalent rates of interest, and had been expended judiciously in necessary works at the unexampled low prices for materials and labor, the results would have been great. The public judgment has not been exercised with this aspect of the question, it has been overcome with the single necessity of stopping expenditure. This is evident from the general interest taken in such works as the elevated railroads, and the improvement of Harlem River and Hell Gate. These the city

does not pay for, and they do not increase either the city's debt or taxation. They are works which it is profitable to construct. This is demonstrated when these works are looked at in the light of their necessity to the growth of the city. There is dawning a general belief in a return of prosperity to the city. It is as inevitable as the return of the tides. The low prices of land and of building-materials will attract settlement, just as in years gone by high prices have repelled it. Starting from a basis of exceedingly low prices, every condition will be favorable to gathering here the natural growth which will belong to incoming years, not of speculative but of actual prosperity. The revival of trade will again cause the concentration of population in cities, labor will be again drawn from production to the work of interchanges. When all are at work, prosperity will return. A natural growth which secures its own accretions for its own support, and for its own taxation, will soon diminish the relative burden of the debt. In fact, by its erroneous policy the city has been supporting its neighbors. It has sent its citizens who labor and make money here into the neighboring places to live and to support their taxation. A slight change of policy will bring back this wealth, will bring in new capital, and the city will have twice as many and twice as much to bear its burdens. The study of the lines and extent of probable growth and of the law of the valuation of land will be a guide to the class of improvements which it will be profitable to undertake.

In bringing into subjection new sources of city revenue, or in specific taxation, it is a controlling principle that it must not be imposed over so large a range of subjects or in such heavy amounts as to burden the business from which it arises. There are cases in which the benefits accruing to the citizens individually are more beneficial to the city, as in the cheap water-supply, than it would be to increase the revenue by doubling the tax. It should be laid on those sources only which are abundantly able to bear it, and not to an extent to abridge the benefit to the citizen. It should be supported on the clearest grounds of legal right and public policy. It should proceed with the growth of the city, and be derived from new improvements which bring in new benefits, rather than by increasing any existing burdens, and be limited with the strictest justice. The investigation of the vari-

ous unexplored sources in this city will involve a consideration of the general principles of taxation, and the true relations of labor and capital here, as well as the best plans and simplest modes of accomplishing it.

In 1825 the opening of the Erie Canal marked a period of great advance in the growth and prosperity of the city. In 1878 the establishment of rapid transit through and within its limits will make a like epoch. The elevated railroads should receive a consideration preliminary to the practical examination of the questions above stated. They will be found to have a vital bearing on each.

The routes laid down by the Rapid Transit Commissioners, under the law of 1875, were rudimentary. They overlooked or disregarded the conditions of the problem before them. It was not merely lines up and down town, with loops of connection at either end, but a system, that was needed. Terminal facilities, here as elsewhere, were as important as main lines. All external and internal centres and points of approach and departure should have been reached. In this respect there was a public opinion far in advance of them which they did not heed. The people did not want to travel on one line, but to reach without change their point of destination—a ferry, a steamboat-landing, or a depot; not one, but every one of them. The gap now between the Forty-second Street station of the New York Elevated Railway and the passenger entrances of the Grand Central Depot is as important to the traveler as the railroad itself. Close connection is imperative, but it was forgotten.

They overlooked, too, the law under which the growth of a city is determined by its railroad lines and stations. The Western country shows instances of the growth of a town around a railroad-station as an initial point; all occupation and improvement is adapted to it as a centre. At the East there are many towns which have changed their growth to a new centre at the station which was planted in the suburbs. This city will obey this law. Its various occupations and improvements will conform to its internal lines of transportation. Much of this is settling on lines which it will be expensive to change, and such disturbances might have been avoided.

The future uses of rapid transit are not limited to passenger-

traveling. Its adaptation to the uses which might have been provided for when the routes were laid out will be grafted on them at inconvenience and expense, and at fresh disturbance of the property interests, which adjust themselves to routes as they are opened. This disturbance has been a great obstacle to rapid transit through all its history. The unforeseen uses and necessities are manifold. Connection must be made with all the ferries and steamboat-landings at the lower end of the city. There was a great opportunity for forethought in providing a common southern terminus at the South Ferry, with a pier for general river departure. A river border-line, from Canal Street on the Hudson River to James Street on the East, and at those streets connecting with the main lines, would touch all the principal points in present use. Passengers should be landed and received from the elevated cars at the second story of the ferry and steamboat landings. The rest of the river border would soon demand the same conveniences. At the northern end of the island the various residence sections should be made accessible. In the new surveys of the Park Department these requirements were met in advance by laying out, in the district north of the Harlem River, a connecting series of distinct railroad avenues, which crossed the other streets and avenues at an under or over grade, and reached all sections. When the elevated roads reach the Harlem River, the ways for making the district north of it accessible are ready for them. Besides carrying passengers, these elevated roads must prepare to transport baggage, and do all the internal parcel-delivery of the city. By night they must do the business of moving freight from the freight-car to the vessel at the water-side; freight-depots and open spaces like the down-town squares must be provided for it. They must engage in the business of receiving market-supplies, such as every night gather at Fulton and Washington Markets, and delivering them to those or to new places of distribution. They must also be prepared to remove at night the accumulations of street-sweepings by day to fit places of final deposit. The people of this city are the only million in the country who have been denied the privilege of transportation by steam. They will enjoy what they have now, and ask for more. All this business will press upon the elevated railroad companies in time; new

companies and forms of enterprise adapted to the business will be formed in connection with the roads. If these uses had been foreseen, the routes might have been laid out to meet all these future requirements; as it is, they will be reached with great loss of time, by force of popular pressure, not for the interests of the people, but wrested from the rivalry of the railroad corporations, and amid great conflict and disturbance of property interests.

It is obvious that these railroads will grow to great power, great influence, and great profit. This profit should have been brought under a fair city taxation. It could have been done in advance, as a condition of the grant, on a just basis: it can be required now as the condition of inevitable future privileges. The city has a right to a portion of the profits, as a license fee or compensation for the grants by the city. This can be supported on sound principles of law and public policy. Through all the different cases of title to the bed of a street, in respect to the city and the adjacent owner, varying according to the origin of the street, it is generally true that all rights of ownership are in the city for the public use, and that the adjacent owner has none. The growth of a street shows that it is improved at the expense of the adjacent owners, for the public use, and that this extends to new and unforeseen uses. In a new settlement, the rudimentary street is a path between the first two houses for their occupants; new-comers assume the same rights, and the street is open to the public; at the demands of increased population and travel it is adapted to it, with sidewalks and paved carriage-ways; it is curbed, lighted, sewered, and repaved with better material; at the same demand rails are laid upon it for a new use—the street-cars—and again, posts are erected upon it for the support of another unforeseen use—the elevated steam railroad. The rights of the adjacent owners in a road-bed which has been improved in great part at their expense have passed to the city for the public use, and then for a mixed public and private use—railroads—which serve the public and enrich their owners. Toward this use the city has contributed a graded right of way, on which the company have erected their road-structure. The company, by their issue of bonds and stocks, declare that their property is worth, per mile, several times more than the cost of the road-structure they have erected; that is, that their franchise,

including what the city has contributed, is worth the difference between their actual cost of construction and the larger amount of bonds and stock which they have issued. This furnishes an indisputable ground and reason why the city should receive payment for its contribution, and why the company should pay, annually, a rent or compensation to the city for the use of the graded road-bed. These relations have grown up and been established by public policy and the decisions of the courts of last resort, and the obligation as certainly follows them.

The beneficial results of rapid transit are scarcely anticipated. It will counteract the depletion of the taxable wealth and population belonging to this city into Brooklyn and New Jersey, which has been going on for more than fifteen years, because of low ferriage, good railroads with low commutation, and the prospect of the Brooklyn Bridge. It will gather the next accretions of property and population within the city limits, and under its taxation. It will equalize values through the length of the city; it will relieve taxation on real estate down-town by having the taxation up-town imposed, not on vacant lots, but on houses and lots; it will increase the advantages of the city as the location for all kinds of manufacturing business; it will expedite these effects. Opened at a time when vacant land up-town is at very low prices, it will stimulate the erection of a large number of low-cost dwellings to meet a demand, on the first revival of business, for single houses by the families now doubled up in houses in the lower part of the city, the mere outburst of whom from such constraint will create a demand for such dwellings before there is any increase of population; it will create a new city abreast of the Park, with advantages and adaptations for health, elegance, and economy, to which the people are now strangers. All the business of the city will adjust itself to these new lines. To some the transition will be burdensome. No existing state of things at any date is a finality; the law is constant change and growth of the whole. The city has seen many such changes from residence to business through whole sections, and, after the temporary disturbance is over, values have been increased; on the railroad avenues this increase will be greatly augmented by the gathering of population along their upper borders, who will travel and trade upon the avenues. They will have the benefit of this

law of high values, that the greatest value follows the greatest travel. Broadway, below Fourteenth Street, furnishes an illustration. The effort, in the earlier days of rapid transit, was to concentrate travel by surface and underground roads on Broadway. It was successfully resisted by the owners, who now see the high values, which gave it its character, transferred to its upper length, above Fourteenth Street, where there is a railroad, and distributed among the other avenues. The operation of this law, and there is no other, will ultimately give very high value to the Third and Sixth Avenues. The public attention is now engrossed by the minor annoyances, and their judgment has been affected by them; but minor advantages and disadvantages compensate and balance each other, and will cease to be heard of when the return of better times fixes these railroad avenues as the best business streets of the city.

These companies are destined to possess high power and influence in the city, and they should have been harnessed in to do some of its work and sustain some of its burdens. It would come in the shape of annual rent and rent service. The payment of money can be best computed as a percentage on their gross receipts, to be paid periodically into the city treasury. There are not data enough at present to calculate the product of a percentage; but, if, on the receipts which have been publicly anticipated and reported, a just percentage were secured as an addition to the sinking-fund, it would go far toward liquidating the debt before its maturity, and it would, by the certainty of such a future provision, relieve at once the weight of the burden. By the misapplication of its funds the city has incurred a great debt, without any public work or improvement commensurate for it, and it would be a wise husbanding of its resources if, by another public work of great profit and utility, toward the construction of which the city had contributed the greater proportion, provision could be made, on just principles, for the final extinguishment of the debt. These elevated railroads will ultimately dominate the city; they ought now to be bound to its service.

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